

Pulse

Comes to You 2009

IBM



Managing the World's Infrastructure

2009 Customer Challenges Doing More with Less

Jay Chapel, BUE, Tivoli Automation

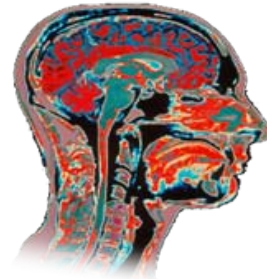


Smarter Planet...The World's Infrastructure... is increasingly filled with smarter assets

Everything is
digitizing...

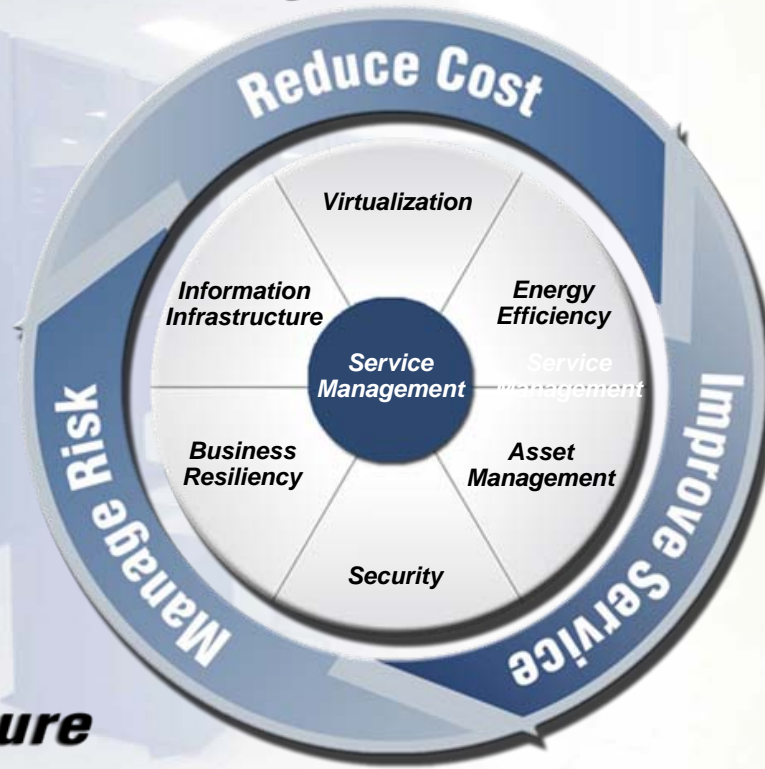
Boundaries between IT and the real
world are
disappearing...

The world's
infrastructure needs managing...



...Forcing Companies to revisit how they manage their infrastructure

Dynamic Infrastructure



- **Three client imperatives:**

- ✓ Improve Service
- ✓ Manage Risk
- ✓ Reduce Cost

- **Seven primary initiatives:**

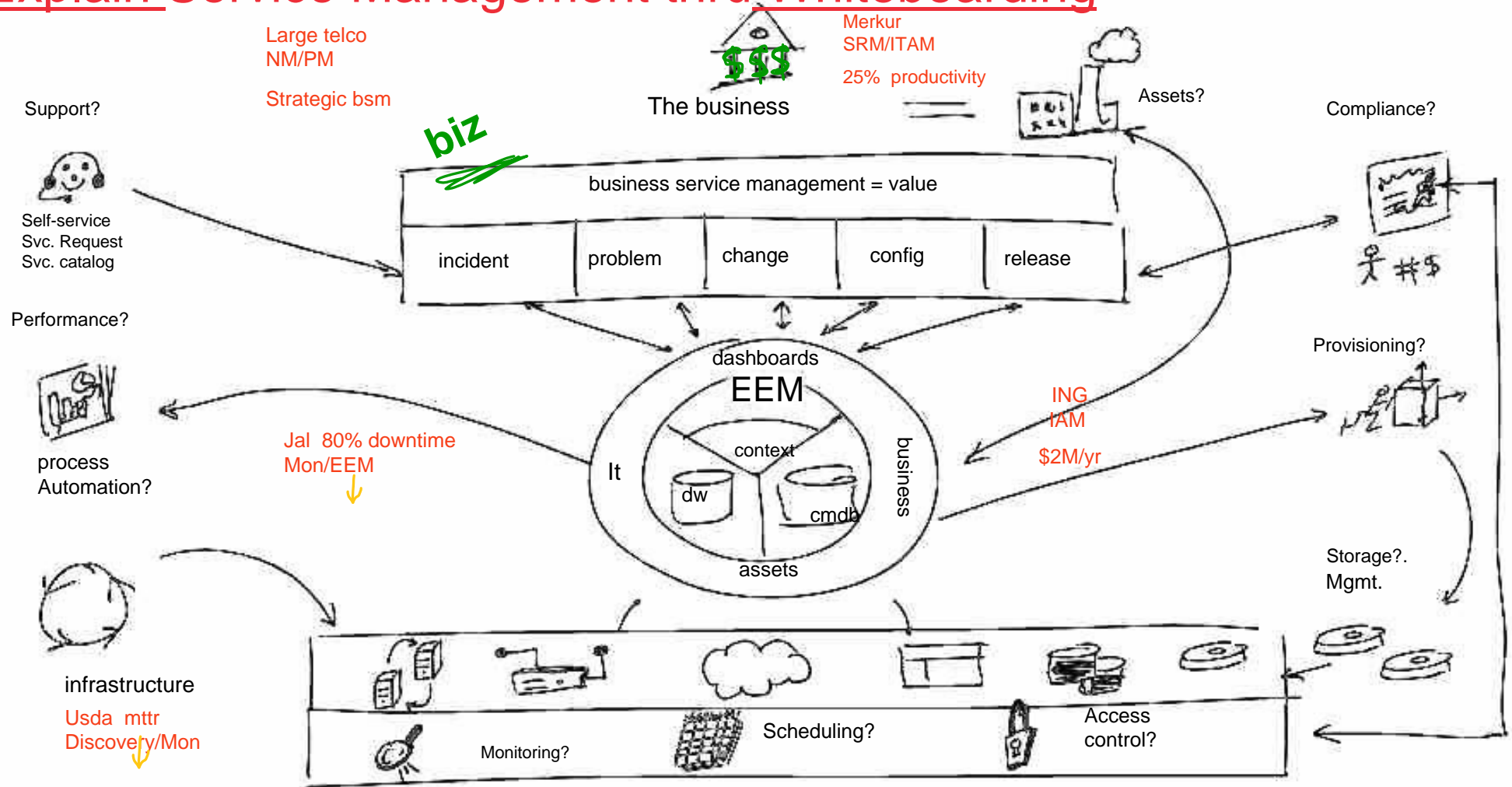
- ✓ Service Management
- ✓ Virtualization
- ✓ Energy efficiency
- ✓ Asset Management
- ✓ Security
- ✓ Business Resiliency
- ✓ Information Infrastructure

**IT
Infrastructure**

**Business
Infrastructure**



Explain Service Management thru Whiteboarding



In Parallel, we're in a Global Recession...



CIO Strategies Reflect the Need to Reduce Cost and Improve Performance

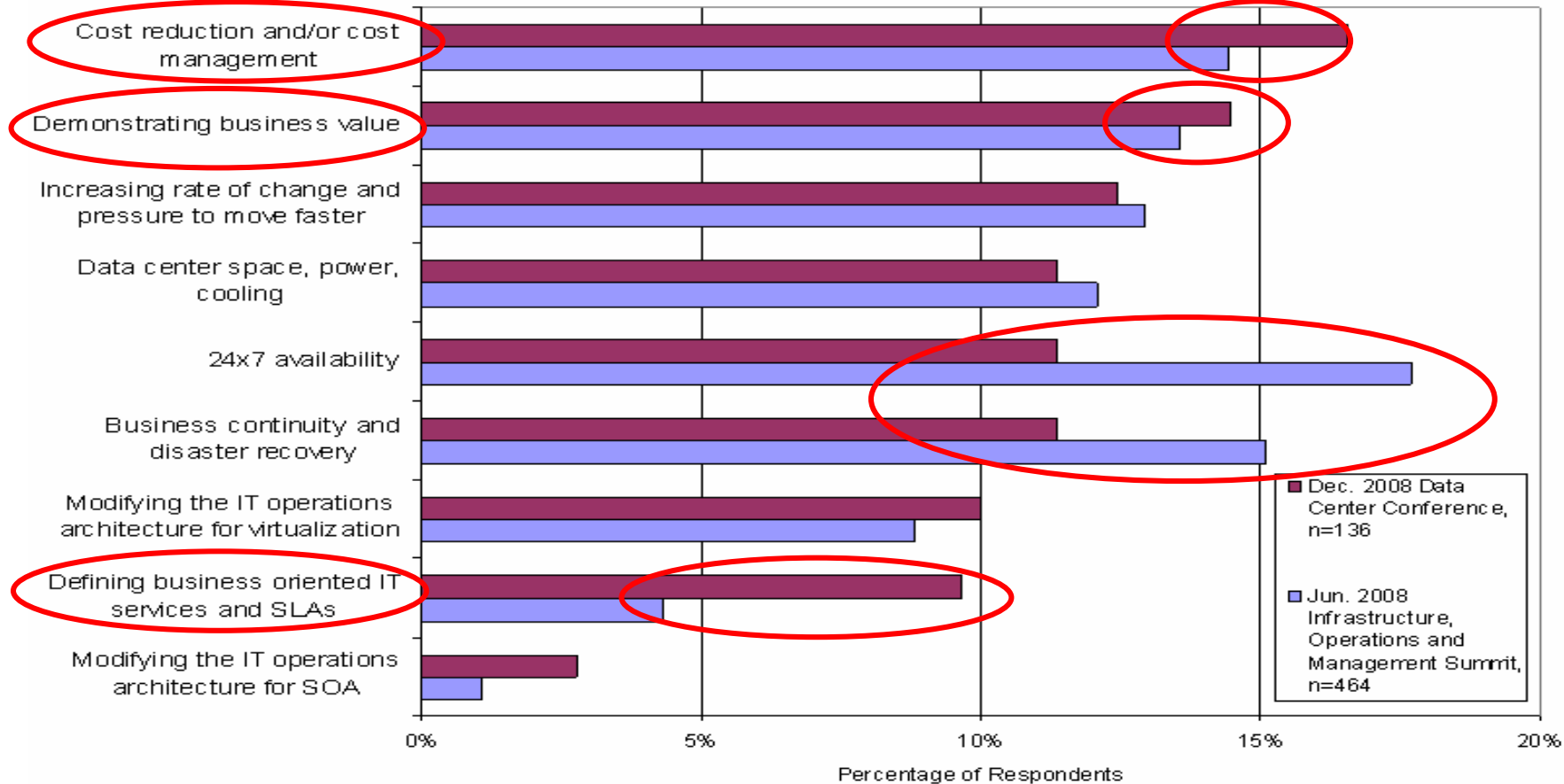
CIO Strategies

Ranking of CIO strategies CIOs selected as one of their top five priorities in 2009.

Ranking	2009		2008	2007	2006	2012
Linking business & IT strategies and plans	1	↑	2	2	2	2
Reducing the cost of IT	2	↑	10	12	*	6
Delivering projects that enable business growth	3	↓	1	1	1	1
Improving IT governance	4	↑	7	8	9	14
Implementing IT process improvements	5	↑	6	12	*	13
Improving the quality of IS services	6	↓	4	7	12	12
Improving the business and IT relationship	7	↓	5	*	*	11
Attracting, developing and retaining IT personnel	8	↓	3	4	5	5
Consolidating IT operations (e.g. shared services)	9	↑	12	*	*	15
Use of information/intelligence	10	↓	9	6	*	4
Developing or managing a flexible infrastructure	11	↔	11	7	8	8
Building business skills in the IT organization	12	↓	9	8	3	9
Leading enterprise change initiatives	13	↔	13	10	*	3

* Item not included this year

What are the top three pressures you face in IT operations and infrastructure management?



What Customers are Telling us: “Insight Check” – RESULTS, RESULTS

Address these questions if you're to do business with us!!!

- *Will it reduce Cost?*
- *Will it increase Revenue?*
- *Will I better address Compliance?*
- *Will this make my operations more agile?*



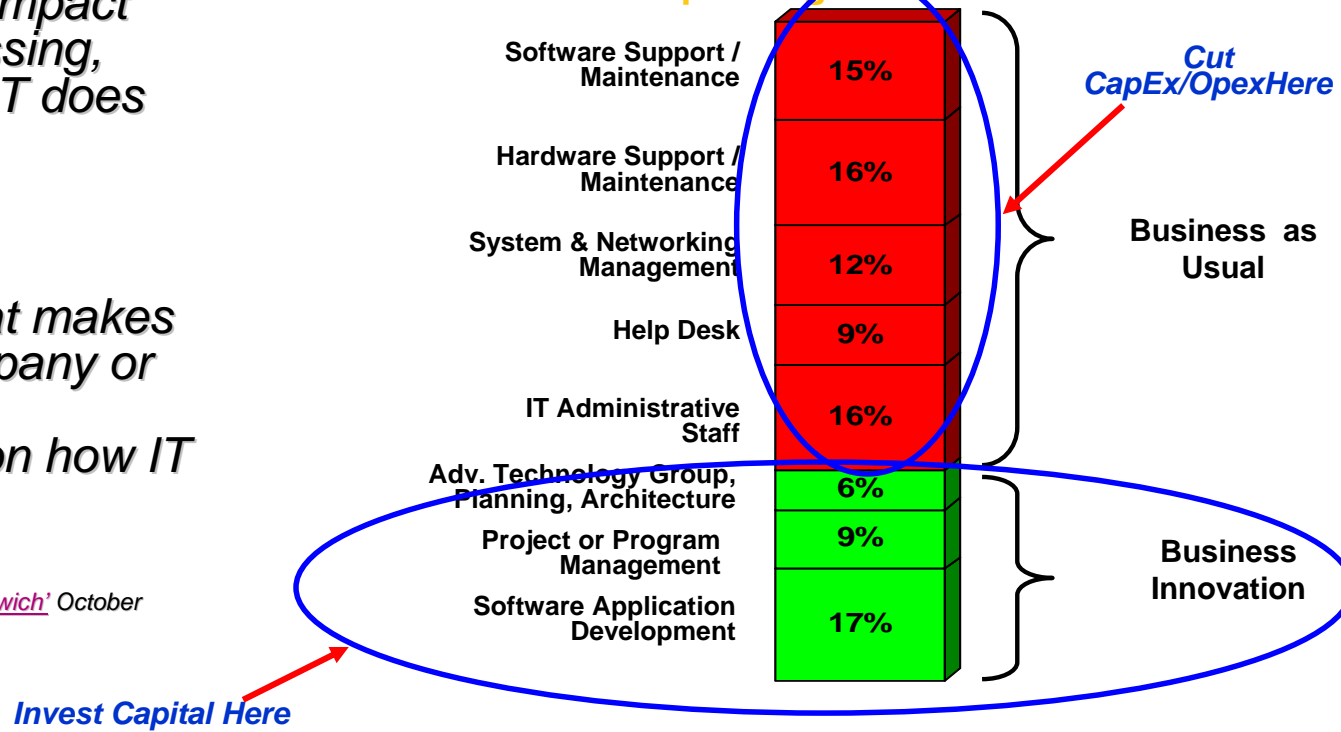
Understand your customer's budget dilemma

- “CIOs have to focus on IT’s impact on business results — assessing, measuring, promoting what IT does for the business.”
- “CIOs need to figure out what makes customers choose their company or their organization over the competition and then focus on how IT can push that strategy.”

Gartner: IT budgets in 2009 are like a 'ham and cheese sandwich' October 13th, 2008 by Linda Tucci

IT Operations Labor costs are growing twice the rate (10%) of the overall IT budget

Total IT Spending on IT Internal Staff¹



Gartner: 25 Ways to Cut IT Cost -

1. Cut costs through more effective IT management methods
 - Focus initially on **cutting "people costs"**
 - **Accelerate the progress of centralized and shared services:** Leverage enterprise-wide competencies, reduce staff embedded in business units.
 - Organizations are seeing a **15% to 20% reduction in costs** by moving to shared services. But proceed with caution. Start by benchmarking your current costs and mapping your operations, so you know who you have to keep and which people can go.
 - **Maintain or strengthen relationship management roles:** Business analysts, business process and industry experts, account executives, relationship managers
 - **Take control of "unmanaged" costs you can measure and cut easily, such as data center power consumption or printing.**
 - Be smart on the managed costs. Re-educate the business on service-levels agreements (SLAs) and let them know what happens when SLAs are reduced by 5% or 10% before making a move.

Source: Gartner: 25 ways to cut IT costs By Linda Tucci, Senior News Write 21 Oct 2008 | SearchCIO.com



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End to End IT Processes with Redundancy!

- Take control of "unmanaged" costs you can measure and cut easily, such as data center power consumption or printing.
 - Be smart on the managed costs. Re-educate the business on service-levels agreements (SLAs) and let them know you will not accept SLAs that are not costed by 5% or 10% before making a move.
1. e2e Monitoring
 2. e2e Scheduling
 3. e2e Automation & Management
 4. e2e IT & Enterprise Asset/Financial Mgmt
 5. e2e Storage Management
 6. e2e Business Service Management

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How does IBM Tivoli Help?

- **1. Service Delivery/Process Automation** Business analysts, business process and industry experts, account executives, relationship managers
- **2. Service Availability/Performance Mgmt**
 - Be smart on the managed costs. Re-educate the business on service-levels agreements (SLAs) and let them know what happens when SLAs are reduced by 5% or 10% before making a move.

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Gartner: 25 Ways to Cut IT Cost

2. Cut costs in enterprise infrastructure, hardware and IT operations

- **Exploit commoditization:** the best-for-need instead of best-of-breed argument, redux.
- Make better use of existing tools by **improving process and policy.**
 - "It's not always the tool's fault,"
- Implement thin provisioning and data de-duplication for storage reduction.
- **Consolidate and virtualize servers.**

SOURCE: Gartner: 25 ways to cut IT costs By Linda Tucci, Senior News Write 21 Oct 2008 | SearchCIO.com



Gartner: 25 Ways to Cut IT Cost

2. Cut costs in enterprise infrastructure, hardware and IT operations

How does IBM Tivoli Help?

• z10 and Distributed Value Propositions for Virtualization

Tivoli as an enabler of Virtualization – address these gaps:

1. New Monitoring requirements

2. Resource Provisioning

3. Enhanced Scheduling/Automation capabilities

4. Usage Reporting, Capacity Planning

5. Integrated Asset Management

SOURCE: Gartner: 25 ways to cut IT costs By Linda Tucci, Senior News Write 21 Oct 2008 | SearchCIO.com



Gartner: 25 Ways to Cut IT Cost

3. Cut costs in enterprise software

– Use invoice verification.

- “The industry has seen a slew of acquisitions. Big vendors have snapped up small fries with 1,000 customers apiece. It's easier for them to apply their boilerplate policies to inherited customers and wait for the complaints than it is to review contracts individually. You can save 5% to 10% by correcting those invoices or play hardball when you agree to a new contract.”

– Eliminate unused software/modules and assets.

- “Understand who's using what and why. Lots of closet cleaning here.”

– Use "best-for-need" rather than "best-of-breed" products.

- “You could be paying as much as a 50% premium for best of breed”

SOURCE: Gartner: 25 ways to cut IT costs By Linda Tucci, Senior News Writer 21 Oct 2008 | SearchCIO.com



Gartner: 25 Ways to Cut IT Cost

2. Cut costs in enterprise software

– *Use invoice automation.* How does IBM Tivoli Help?

- *"The industry has seen a slew of acquisitions. Big vendors have snapped up small fries with their own policies to inherit. Big vendors have inherited policies to inherited customers and wait for the complaints than it is to review contracts individually. You can save 10-15% by reviewing those contracts and pay a ball when you agree to a new contract."*

1. License & Compliance Management

2. Usage & Accounting Management

3. IT Asset Management

– **Eliminate unused software/modules and assets.**

- *"Understand who's using what and why. Lots of closet cleaning here."*

– *Use "best-for-need" rather than "best-of-breed" products.*

- *"You could be paying as much as a 50% premium for best of breed"*

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Gartner: 25 Ways to Cut IT Cost

Vendor/Tool Consolidation on platforms

1. Event Management & Automation

2. Monitoring

3. Scheduling

4. Performance Management

5. Asset/Financial Management

6. IAM & Compliance

7. Business Service Management

The industry has seen a slew of acquisitions. Big vendors have snapped up small fries with 1,000 customers apiece. It's easier for them to apply their boilerplate policies to inherited customers and wait for the complaints than it is to review contracts individually. You can save 5% to 10% by correcting those invoices or play hardball when you agree to a new contract."

Eliminate unused software/modules.

"Hold onto your hardware, it's not why. Lots of closet cleaning here."

- Use **"best-for-need"** rather than **"best-of-breed"** products.
 - "You could be paying as much as a **50% premium for best of breed"**

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IT Initiatives that will drive Tivoli Solutions in 2009

IT Operations

Doing More With Less

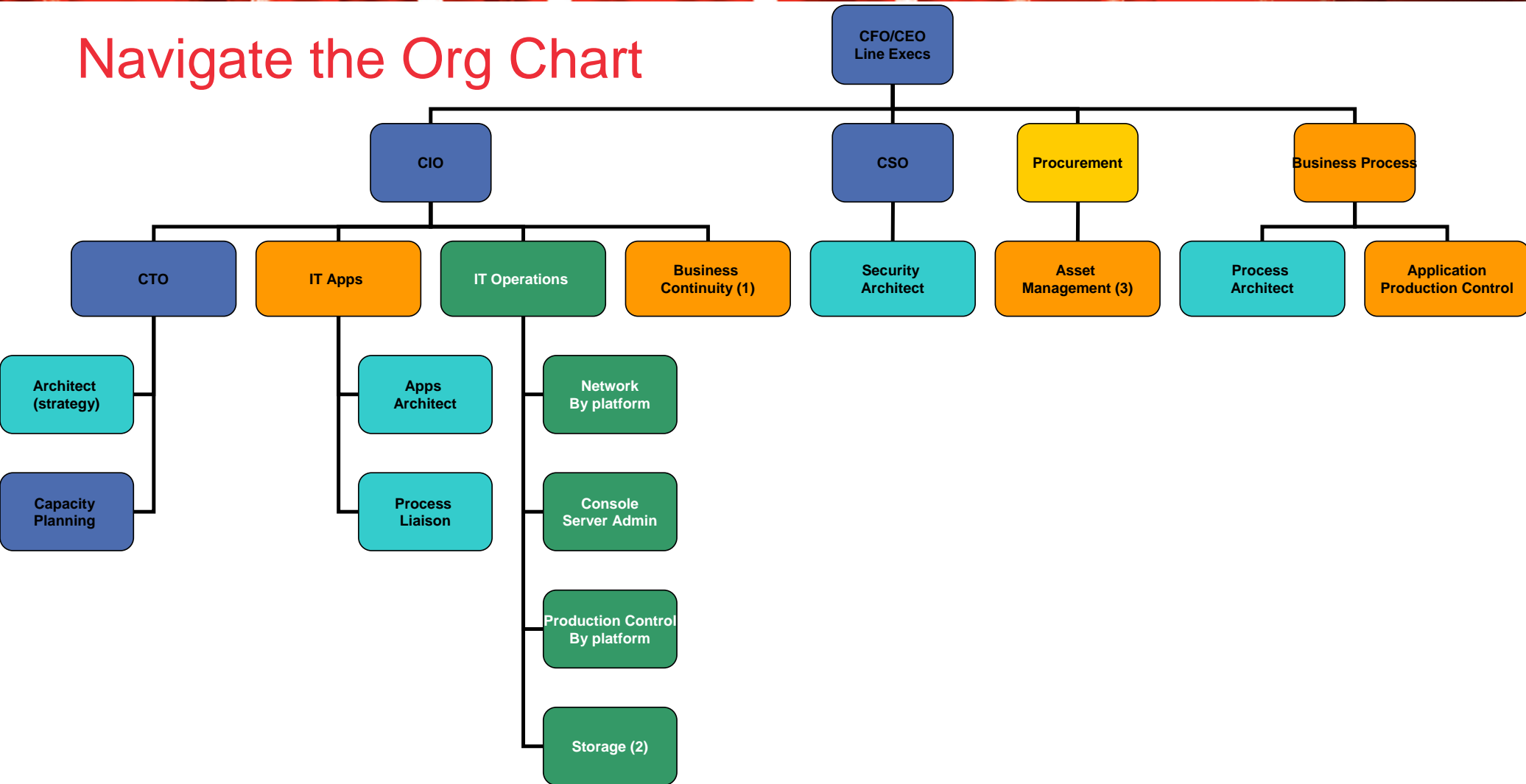
- *Infrastructure Consolidation*
 - *Ongoing infrastructure consolidation initiatives, Virtualization initiatives, Green Initiatives, Cloud initiatives*
- *Governance, Compliance and Identity Management*
 - *Managing attrition of users – e.g. M&A and layoff (est 50M WW) activity*
 - *Data (physical and logical) security*
 - *Management of privileged users*
 - *Compliance & Regulatory reporting*
- *Shared Services Consolidation*
 - *Organizations and processes*
 - *Tools – all platforms*
 - *Contracts/Vendors for similar products and services*

App. Devpt

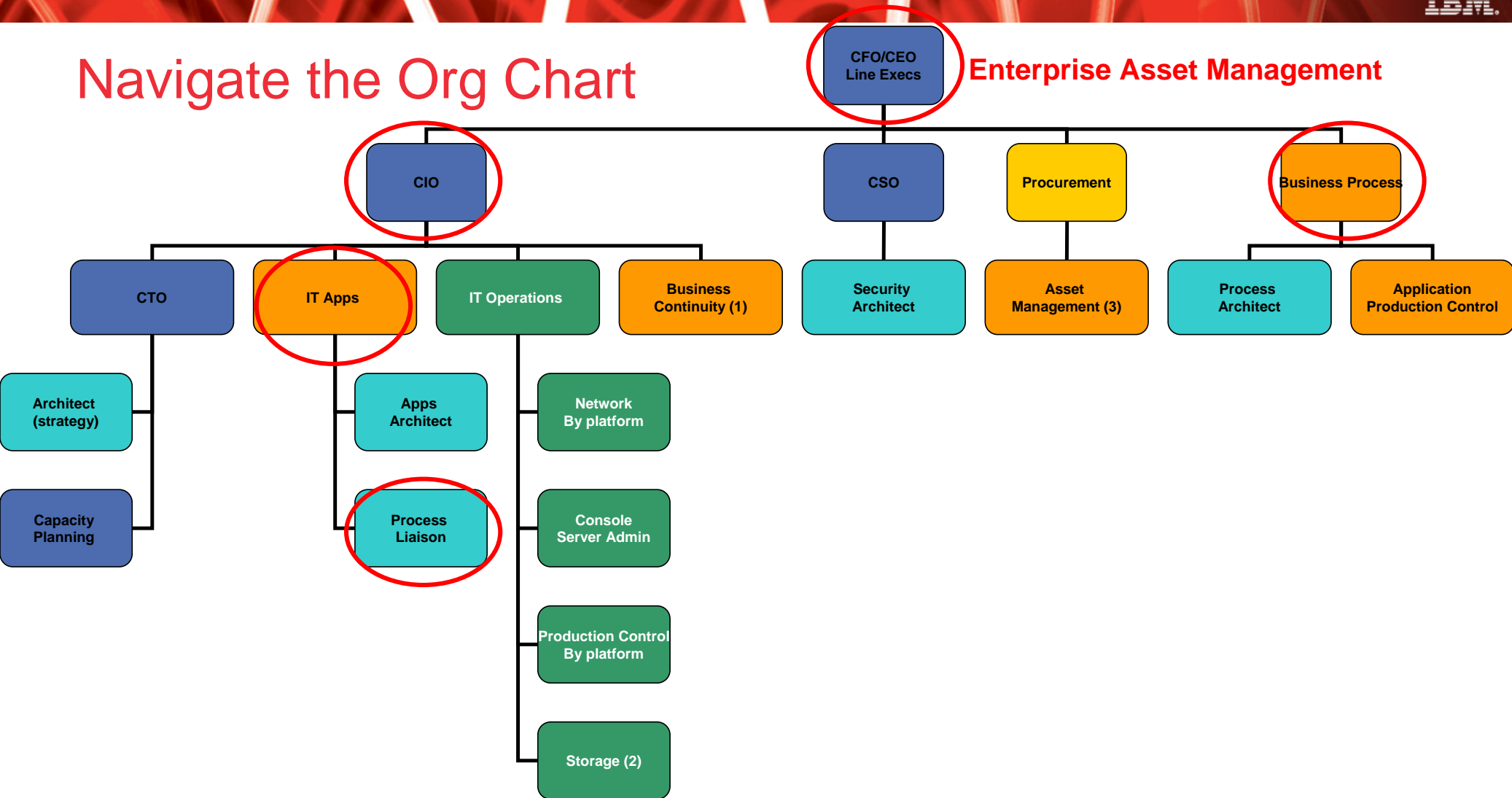
- *Business Process Rationalization & Transformation*
 - *New Applications*
 - *Application migration*
 - *SOA initiatives*
 - *Improved Service Level delivery of key applications and processes*
 - *Application re-hosting and outtasking*



Navigate the Org Chart

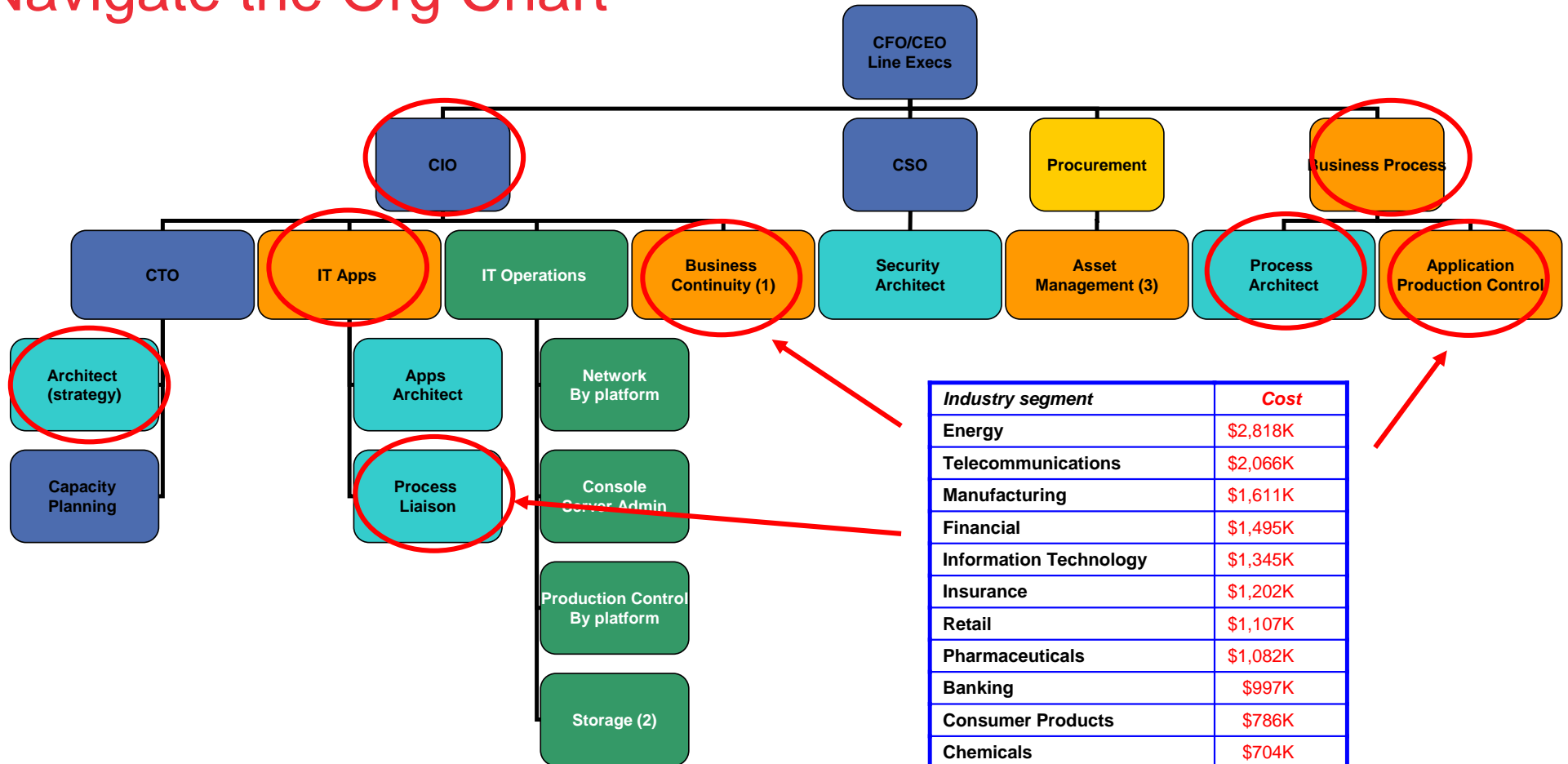


Navigate the Org Chart



Business Service Management

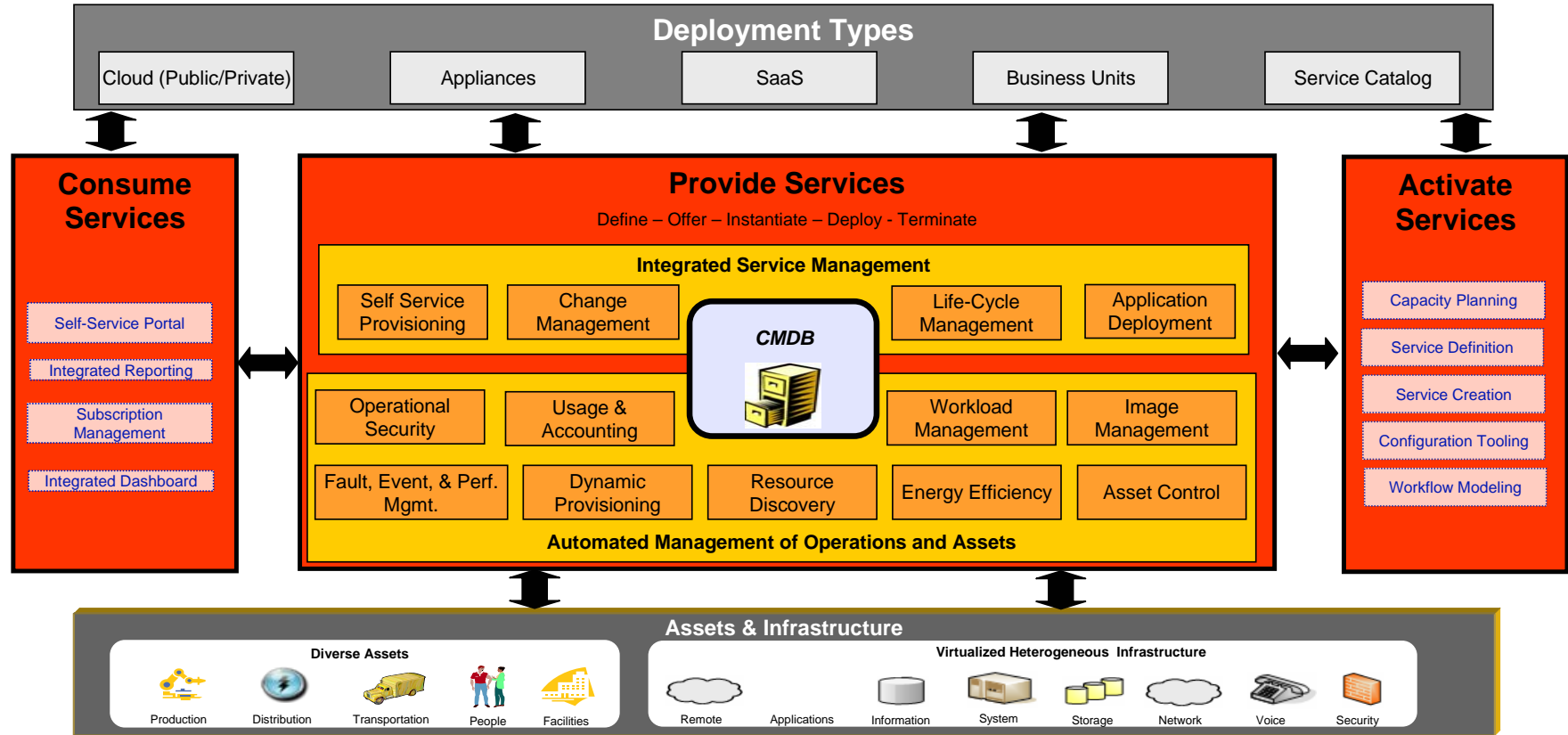
Navigate the Org Chart



Industry segment	Cost
Energy	\$2,818K
Telecommunications	\$2,066K
Manufacturing	\$1,611K
Financial	\$1,495K
Information Technology	\$1,345K
Insurance	\$1,202K
Retail	\$1,107K
Pharmaceuticals	\$1,082K
Banking	\$997K
Consumer Products	\$786K
Chemicals	\$704K
Transportation	\$669K

(1) Business Process Owner has significant input (2) Business Continuity Significant Influencer (3) May also report to Operations Exec

IBM Service Management Reference Model



Thank You

The image features the words "Thank You" in a 3D, teal-colored font. The letters are thick and have a slight shadow on their right side, giving them a three-dimensional appearance. They are set against a dark blue background that has a subtle gradient. Below the text, there is a clear, slightly blurred reflection of the words on a dark surface, creating a sense of depth and realism.